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FOL REPEAT STATE 058896 SENT ACTION AMMAN INFO JIDDA CAIRO TEL
AVIV BEIRUT DAMASCUS ABU DHABI ALGIERS BEIRUT DHAHRAN DOHA
KHARTOUM KUWAIT MANAMA MOGADISCIO MUSCAT NOUAKCHOTT RABAT SANAA
TRIPOLI MARCH 15, 1975

QUOTE

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TOSEC 583

BEIRUT ALSO POUCH USINT BAGHDAD

E.O. 11652:N/A

TAGS: PFOR, EGEN, XF, IS, US

SUBJECT: HEARINGS ON ARAB BOYCOTT AND VISA DISCRIMINATION

REF: (A) JERUSALEM 434; (B) STATE 52820; (C) DAMASCUS 898;

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(D) ASWAN 118; (E) STATE 55027 ALL NOTAL

FOR SISCO AND ATHERTON

1. OFFICERS FROM FOUR EXECUTIVE DEPARTMENTS APPEARED MARCH 13 BEFORE HFAC (BINGHAM) SUBCOMMITTEE ON INTERNATIONAL TRADE AND COMMERCE ON ARAB BOYCOTT OF ISRAEL: STATE (ACTING ASST. SEC. SOBER), TREASURY (ASST. SEC. PARSKY), COMMERCE (DEP ASST. SEC. HOSTLER) AND JUSTICE (ASST ATT GEN SCALIA). OPENING STATEMENTS BY SOBER AND PARSKY CONTAINED NESA WIRELESS FILE NOS 60 AND 61 MARCH 13, STATEMENT BY SCALIA IN NESA WIRELESS FILE MARCH 14, AND WE ARE POUCHING HOSTLER STATEMENT.

2. STATEMENTS OF STATE, TREASURY AND COMMERCE WERE PARALLEL IN STATING USG ACTIVE OPPOSITION TO BOYCOTT; COMPLIANCE WITH EXPORT ADMINISTRATION ACT OF 1969 (U.S. POLICY AGAINST BOYCOTT AND REQUESTING NON-COMPLIANCE BY US FIRMS); AND OPPOSITION TO POSSIBLE EXTENSION OF BOYCOTT TO DISCRIMINATION ON RELIGIOUS GROUNDS IN US. COMMERCE VOICED

OPPOSITION TO POSSIBLE CONGRESSIONAL ENACTMENT OF MORE STRINGENT ANTIBOYCOTT LAW ON GROUNDS OF UNDESIRABLE INTERFERENCE IN PRIVATE SECTOR, POSSIBLY PENALIZING INNOCENT US FIRMS AND HARMFUL TO US EXPORT PROMOTION. JUSTICE STATEMENT OUTLINED EXISTING CIVIL RIGHTS AND ANTITRUST LAWS WHICH MIGHT BE APPLICABLE TO ARAB BOYCOTT, WHILE STRESSING DESIRE TO AVOID ADDRESSING HYPOTHETICAL CASES. JUSTICE ALSO STATED THAT ALL REPORTS OF DISCRIMINATORY ACTIONS IN US ON RELIGIOUS OR ETHNIC GROUNDS NOW UNDER INVESTIGATION.

3. QUESTIONS ASKED BY CHAIRMAN BINGHAM AND CONGRESSMEN BIESTER AND WHALEN (OTHER SUBCOMMITTEE MEMBERS PRESENT) DWELLED ON (A) EFFECTIVENESS OF 1969 LAW IN COMBATTING BOYCOTT, (B) ATTITUDE OF THE FOUR DEPARTMENTS TOWARD POSSIBLE MORE STRINGENT US ANTIBOYCOTT LAW, E.G., MAKING IT ENTIRELY ILLEGAL FOR US COMPANIES TO PROVIDE ANY INFORMATION RELATIVE TO BOYCOTTS; (C) EFFECTIVENESS OF THE BOYCOTT, INCLUDING ATTITUDES OF THE VARIOUS ARAB COUNTRIES TOWARD BOYCOTT; (D) WHETHER SIMILAR BOYCOTTS LIMITED OFFICIAL USE

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ARE CONDUCTED BY US OR OTHER COUNTRIES; (E) WHETHER ANTI-BOYCOTT LEGISLATION HAS BEEN ENACTED BY OTHER COUNTRIES; (F) WHY ADMINISTRATION HAS NOT MADE BETTER PROGRESS TOWARD ELIMINATING ARAB BOYCOTT; (G) PERSONNEL ASSIGNMENT POLICIES OF THE FOUR DEPARTMENTS OVERSEAS, E.G., TO COUNTRIES LIKE SAUDI ARABIA. SUMMARY OF ANSWERS TO QUESTIONS FOLLOWS FYI. FULL TRANSCRIPT WILL BE POUCHED WHEN AVAILABLE.

4. EFFECTIVENESS OF 1969 LAW: WITNESSES STATED THAT 1969 LAW GAVE EFFECTIVE NOTICE TO ARABS AND PRIVATE US COMPANIES OF US POLICY IN OPPOSITION TO THE BOYCOTT. SUB-COMMITTEE MEMBERS APPEARED CONCLUDE EXISTING LAW INEFFECTIVE IN BRINGING ABOUT DECREASED APPLICATION OF SECONDARY BOYCOTT AGAINST FOREIGN FIRMS. THIS CONCLUSION APPEARED STRENGTHENED BY TESTIMONY THERE HAVE BEEN NO CONVICTIONS FOR FAILURE TO REPORT BOYCOTT CONTACTS TO COMMERCE AND ALLEGATIONS RECENTLY MADE BY ANTI-DEFAMATION LEAGUE THAT SEVERAL US SHIPPING COMPANIES AND BANKS MAY AVE COMPLIED WITH BOYCOTT AND VIOLATED EXPORT ADMINISTRATION ACT BY NOT FULFILLING REPORTING REQUIREMENTS, THOUGH FEDERAL MARITIME ADMINISTRATION INVESTIGATING THESE ALLEGATIONS.

5. NEW ANTIBOYCOTT LAW: WITNESSES EXPRESSED OPINION THAT NEW MORE STRINGENT LAW AGAINST COMPLYING WITH BOYCOTT IN ANY WAY LIKELY TO BE INEFFECTIVE IN MEETING PROBLEM. SOBER NOTED NEED TO CONSIDER POSSIBILITY OF COUNTER-MEASURES FROM ARABS, WITH POSSIBLE NEGATIVE REPERCUSSIONS ON US ECONOMIC INTERESTS AND PARTICULARLY ON POLITICAL

CLIMATE CONDUCIVE TO US PEACE-MAKING EFFORT AND PROGRESS TOWARD SOLUTION OF ARAB-ISRAELI DISPUTE WHICH WE SEE AS FUNDAMENTAL REQUISITE TO RESOLVING BOYCOTT PROBLEM. CONGRESSMAN BIESTER COMMENTED THAT HE WANTED BE OPEN MINDED AND WAS CONCERNED THAT US STRINGENT LAW MIGHT RESULT IN TYING HANDS OF US COMPANIES WHILE LEAVING ARABS FLEXIBILITY IN THEIR ACTIONS ON BOYCOTT.

6. EFFECTIVENESS OF BOYCOTT: WITNESSES SAID IT WAS DIFFICULT TO MEASURE HOW EFFECTIVE BOYCOTT IS, NOTING VARIOUS ARAB COUNTRIES FOLLOW DIFFERING POLICIES ON LIMITED OFFICIAL USE

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ENFORCING BOYCOTT IN RELATION TO THEIR OWN INTEREST, E.G., SOME BOYCOTTED COMPANIES HAVE CONTINUED TO OPERATE IN SOME ARAB COUNTRIES. BINGHAM REQUESTED SOBER PROVIDE ON CONFIDENTIAL BASIS PAPER OUTLINING POLICIES OF VARIOUS ARAB COUNTRIES ON ENFORCING BOYCOTT. WITNESSES FELT BOYCOTT COULD BECOME SERIOUS PROBLEM SHOULD ARABS SEEK TO APPLY COUNTER-MEASURES IN REACTION TO MORE STRINGENT US LAWS.

7. SIMILAR BOYCOTTS: IN REPLY TO QUESTION, SOBER SAID THAT US TRADING WITH ENEMY ACT OF 1917 PROVIDED BROAD AUTHORITY FOR SECONDARY BOYCOTTS AND IS BASIS FOR PRIMARY BOYCOTTS IN FORCE AGAINST CUBA AND CERTAIN ASIAN COMMUNIST COUNTRIES. IN RESPONSE TO REQUEST SOBER AGREED PROVIDE MEMORANDUM FOR RECORD COMPARING WITH ARAB BOYCOTT.

8. ANTI BOYCOTT LAWS OF OTHER COUNTRIES: SOBER SAID WE WERE UNAWARE OF ANY OTHER COUNTRY'S HAVING ENACTED LAWS TO OPPOSE THE ARAB BOYCOTT BUT SAID DEPT WOULD SUBMIT A STUDY FOR THE RECORD.

9. PROGRESS TOWARD ENDING THE BOYCOTT: SOBER NOTED THAT SAUDIS HAD TOLD US OF RECENT INTEREST OF ARAB STATES, IN CONTEXT OF PROGRESS TOWARD MIDDLE EAST SETTLEMENT, IN MOVING TOWARD RELAXATION OF BOYCOTT RULES. HOWEVER, IN VIEW WHAT THEY CONSIDERED AS CURRENT ANTI-BOYCOTT CAMPAIGN IN US, SAUDIS HAVE NOW TOLD US ANY RELAXATION WILL BE VERY DIFFICULT. BINGHAM ASKED WHY SAUDIS FELT THEY SHOULD NOT FOLLOW THROUGH TO RELAX POLICY ON BOYCOTT. SOBER OPINED THAT SAUDIS PROBABLY VIEW CURRENT PUBLICITY IN US AS ANTI-ARAB CAMPAIGN. SOBER REEMPHASIZED OUR BELIEF THAT PROGRESS IN SETTLING MIDDLE EAST CONFLICT IS BEST APPROACH TO RESOLVING BOYCOTT PROBLEM.

10. PERSONNEL POLICY: SOBER REITERATED FIRM NON-DISCRIMINATORY STATE ASSIGNMENT POLICY. IN RESPONSE TO QUERY, HE SAID WE KEEP NO RECORDS ON RELIGIOUS CONVICTION OF PERSONNEL AND THEREFORE CANNOT BE CATEGORIAL ON FACTS;

BUT WE DO NOT BELIEVE JEWISH OFFICERS HAVE BEEN ASSIGNED TO SAUDI ARABIA ALTHOUGH SOME HAVE SERVED IN SOME OTHER LIMITED OFFICIAL USE

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ARAB COUNTRIES; WE WOULD EXAMINE REQUEST BY JEWISH OFFICERS TO BE ASSIGNED TO ARAB COUNTRIES ON BASIS THEIR QUALIFICATIONS FOR THE JOB; IN FACT WE THINK JEWISH OFFICERS GENERALLY DO NOT APPLY FOR ASSIGNMENT TO ARAB COUNTRIES IN BELIEF THEY WOULD NOT BE FULLY EFFECTIVE AT ARAB POSTS AND SINCE SERVICE IN ARAB COUNTRIES APPARENTLY NOT ATTRACTIVE FOR SUCH OFFICERS; SIMILAR LACK OF INTEREST WOULD SEEM TO APPLY TO ASSIGNMENT OF WOMEN OFFICERS TO SAUDI ARABIA. IN REPLY TO FURTHER QUESTION, SOBER SAID THAT HE WAS NOT AWARE OF ANY JEWISH OFFICERS HAVING APPLIED FOR ARABIC LANGUAGE TRAINING BUT THAT SUCH TRAINING NOT ABSOLUTE PREREQUISITE TO QUALIFY FOR JOB IN ARAB COUNTRIES. OTHER AGENCIES NOTED THEY HAVE LITTLE REPRESENTATION ABROAD AND EMPHASIZED THEY DO NOT DISCRIMINATE. COMMERCE AND TREASURY SAID THEY HAVE SENT JEWISH OFFICERS ON TDY TO ARAB COUNTRIES, INCLUDING SAUDI ARABIA. JUSTICE REPRESENTATIVE SAID SELECTION OF OFFICERS CONFORMING TO OTHER COUNTRIES' DISCRIMINATORY CRITERIA WOULD PROBABLY BE UNLAWFUL.

11. NEAR END OF SESSION, BINGHAM SAID NEW LEGISLATION AIMED AT COUNTERING ARAB BOYCOTT WOULD PROBABLY BE INTRO-

DUCED IN CONGRESS WITHIN NEXT FEW WEEKS. HE DID NOT DESCRIBE WHAT THIS NEW LEGISLATION WOULD BE BUT WE UNDERSTAND HE CONSIDERING LAW ALONG LINES OF LANGUAGE PROPOSED IN 1965, WHICH WOULD MAKE IT ILLEGAL TO RESPOND TO QUESTIONNAIRES REGARDING BUSINESS CONTACTS WITH ISRAEL.

12. CONGRESSMEN EXPRESSED APPRECIATION FOR FULL AND FRANK RESPONSES AND SESSION WAS NONPOLEMICAL.DESPITE PRESS REPRESENTATION THERE HAS BEEN VIRTUALLY NO US PRESS PLAY.

13. FOREGOING NOT CLEARED WITH TREASURY, COMMERCE, AND JUSTICE.

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